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By-Flanagan, Thelma G.

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The need for a school food service was recognized at the beginning of the 20th century. Since then, many such programs, some adequate and some inadequate, have been initiated. There has, however, always been the problem of inadequate financing to provide lunches for a full day's nourishment and sufficiently inexpensive for every student. In most States, State legislatures and local boards of education have not contributed their fair share toward support of the program. To be sure there are no hungry children at school, it is recommended that a school food service program be provided which will (1) provide nutritionally adequate lunches for pupils and, where needed, supplementary food services including breakfasts and morning and afternoon nourishments; (2) establish sale prices not to exceed the cost of the food; (3) provide free and reduced price meals for economically needy children; (4) receive sufficient tax support to assure program excellence; (5) receive increased Federal, State, and local tax contributions; and (6) effect economies through centralization of purchasing, personnel administration, and funds control, and cause mergers of small ineffective units to provide more adequately sized administrative and operational units. (HW)

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**Financing The School Food Service Program
At The State Level**

**U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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Thelma G. Flanagan

**School Food Service Director
Florida State Department of Education
Tallahassee, Florida**

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FINANCING THE SCHOOL FOOD SERVICE PROGRAM
STATE LEVEL

Thelma G. Flanagan

"It is utter folly, from the point of view of learning, to have a compulsory school law which compels children, in that weak physical and mental state which results from poverty, to drag themselves to school and sit at their desks, day in and day out.....learning little or nothing..... If it is a matter of principle in democratic America that every child shall be given a certain amount of instruction, let us render it possible for them to receive it."¹

Does that sound like a quote from a 1969 war on poverty statement? It's really a 1904 quote from Robert Hunter, in his book entitled Poverty. The need for a school food service program was recognized at the beginning of the twentieth century. Public attention was focused on the social and economic consequences of undernourishment and affect of malnutrition on the ability of children to learn.

In 1906, John Spargo, in Underfed School Children, the Problem and the Remedy, estimated there were several million undernourished children in the United States, and recommended that the United States copy Europe by attacking malnutrition through school feeding programs.

¹Robert Hunter, Poverty. 1904

Early Goals, Guidelines and Beliefs Sound

Many of the earliest school lunch programs had sound goals and were concerned with good nutrition. Perhaps the most comprehensive statement of goals was made by Miss Emma Smedley, in The School Lunch, Its Organization and Management in Philadelphia, who asserted:

- that school food service programs should meet the entire school day nutritional needs of all pupils, including lunch, and in addition, breakfast and supplemental nourishment, where needed;
- that all economically needy pupils should be fed without being made to feel themselves an object of charity with funds coming from government sources;
- that the program should be non-profit, school board operated and staffed by professionally trained personnel;
- that teachers should enrich the curriculum through school lunch experiences and the offering of career training in food service work.

Those goals are as sound for the Space Age as they were when first expressed by Miss Smedley in 1920!

Over the years, more and more educators think of school food service as an integral part of the educational system. For example, in 1926, Willard Stanley Ford, a doctoral student and compiler of opinions and practices and writer of the first PHD. dissertation on school lunch, Columbia University, said:

"The high school cafeteria offers one of the most important opportunities for education of any of the new practices which have been added to the high school since 1900. This is a type of educational opportunity which conforms to the modern theory of method. The students may be taught through actual experiences under conditions which are

entirely under the control of the school authorities. The situation is not an artificial one but one which is practical and real in every sense.

"Student leadership and civic responsibility may be developed in the use of the cafeteria."

Dr. Clyde Irwin, State Superintendent, in 1951 described school food service ".....as necessary as a library to building a well-rounded school program", and Dr. Kenneth E. Oberholtzer, Superintendent of Denver City School System, in 1955 in an address at the American School Food Service Association Convention, said school food service is ".....as important to education as algebra."

Authorities Support and Oppose

"The education of their children is the first and most obvious duty of every parent."

So said John Randolph in 1829, as he opposed the establishment of free public schools!

From then until now, various segments of the educational establishment, including school food service, have had vigorous opponents, as well as staunch supporters. It is the normal role and responsibility of school finance leaders to help identify and interpret needs, and to advocate programs and funds to meet the total school day needs of children. It is sad but true that many school finance leaders are less knowledgeable about the history and development, have been less responsible for, less involved in, and had less influence on school food service finance than on other aspects of the education program. Among those who have had the greatest influence on the tax funds provided for education, there have been far too few staunch supporters of adequate tax funds for the School Food Service Program. As a result, legislative bodies have been slow in providing a proper legal framework or adequate tax funds for the program. There has never been a period in school food service history when most programs were not beset with financial problems.

An early supporter was Dr. William H. Maxwell, Superintendent of Schools in New York City. He saw many school children spending their lunch money on pushcart and candy store delicacies, and urged school officials to provide nourishing meals for pupils. In 1908, a 3-cent lunch was begun in two elementary schools. After two years of operation, the board of education gave permission for installation of similar programs in other schools.

Military leaders were early advocates of a tax supported school food service program. Selective service figures, following the 1917 draft, indicated that one-third of all men rejected for military service were physically unfit due to nutritional deficiencies, and Selective Service Director Lewis Hershey reported to Congress that the United States suffered 155,000 casualties as a result of malnutrition. A major stimulus for the advancement of the school lunch program was provided by these shocking statistics, together with Surgeon General Parran's emphatic statement that:

"We are wasting our money trying to educate children with half-starved bodies. They cannot absorb teaching. They hold back classes and require extra time of teachers and repeat grades. This is expensive stupidity. We shall spend tomorrow on the care of the sicknesses many times over that we save on food which would prevent it."

School finance experts who have advocated adequate tax support for the program include Morphet and Johns. Dr. Edgar L. Morphet was Executive Secretary for a comprehensive study of Florida's education needs, completed in 1947. Through his leadership, the Committee recommended that:

"The county board of each county should arrange to make available for each child an adequate lunch for the cost of the food. This means that county boards should include in their budgets sufficient funds to cover personnel, facilities and other expenses connected with the school lunch program."

Also, as Executive Secretary of the Southern States Work Conference, he promoted a school lunch project and the development of a Southern States Work Conference bulletin, School Food Service Policies and Standards. The bulletin recommended that all school lunch personnel should be employed in the same manner and paid on the same basis as other school personnel and that they be specifically trained for the services they were to render.

Dr. Johns, while addressing the first convention of the American School Food Service Association in 1947 said:

".....all states should include in their plans for financing education, adequate provision for the financing of the school lunch program....."

".....it would seem reasonable to recommend that all the states provide for the financing of at least the non-food costs of the school lunch program....."

Before Congress passed a permanent school lunch bill, some states made school food service appropriations. For example, in 1939, the Louisiana legislature began making annual state appropriations for the school food service program. Other early state aid programs included a Utah bill enacted in 1942, which set up a tax of 4% on wines and liquors to help support the School Food Service Program. South Carolina, in 1943, appropriated funds to provide one supervisor for each county in the state. A few other states began proficing state funds during the years just after the WPA was liquidated. Included were West Virginia, Minnesota, New York, and Massachusetts. In Louisiana, Massachusetts, and New York, the state appropriation supplemented Federal aid at a rate to guarantee a minimum of 9¢ reimbursement per lunch.

National School Lunch Act

Congress, recognizing the multiple benefits of school food service programs, brought the Federal government into permanent partnership with the states and local schools by the passage of the National School Lunch Act, which was approved by the President of the United States on June 4, 1946.

Payments were to be made to states upon the condition that such payments would be matched by the states on a dollar for dollar basis during the fiscal years 1947-1950; for the period 1951-1955, \$1-1/2 for each dollar of Federal funds; thereafter, \$3 for every Federal dollar. An interpretation by the Secretary of Agriculture enabled states to include not only direct appropriations, but donations and gifts, and also the money derived from the sale of lunches to children.

Congress was critical of this interpretation, as evidenced by the House of Representatives Report No. 450 on the Agricultural Appropriation Bill for the fiscal year 1948, which stated:

"An interpretation by the Secretary of Agriculture of the provisions of Public Law 396 enables the states to include not only direct appropriations but donations and gifts of all kinds and also the money derived from the sale of lunches to the children for the purposes of this program. The committee believes that while the Secretary of Agriculture does possess such authority under the permissive provisions of the School Lunch Act, it was never the purpose of Congress that funds derived from the children should be included for matching purposes..... The committee believes that the states should by direct appropriations match the money provided by the Federal Government....."

However, the Federal agency retained the liberal interpretation and did not emphasize state responsibility for supporting the program from tax funds.

Financial Dilemma Increased Each Year

It has always been, and no doubt always will be, difficult to secure all of the tax funds needed to adequately fund all segments of the Nation's education programs. Increasing costs and mounting enrollments have kept state and local governments hard pressed to secure needed funds. On more than one occasion Dr. Edgar Fuller, Executive Director of the Council of Chief State School Officers, and the School Lunch Advisors Committee to the Secretary of Agriculture, recommended that additional Federal cash assistance be provided to prevent further reduction in the reimbursement rate. They also recommended that state and local governments be encouraged to continue their efforts to provide increased financial assistance to the School Food Service Program. Even so, sufficient funds have not been provided.

While appearing before a congressional committee in August of 1960, Dr. Fuller pointed out that Federal funds were available to build up staffs of state departments of education in other Federal aid areas. States had to pay the entire cost of administering the School Lunch Program, while Federal funds eased the way for their competitors. Just this year, for the first time, states have received a small amount of Federal aid to help meet state administrative expenses. The funds were released to states so late, many are not being able to fill the positions created, because the people desired are under contract for the year.

Generally those programs which require specified Federal matching find it relatively easy to secure needed state and local tax funds. Other assets in securing adequate tax funds are:

- (1) A well informed and interested public continuously promoting adequate funds;

- (2) School finance leaders who are committed to the program;
- (3) An adequate staff of knowledgeable state and system level school food service personnel responsible for administering the program.

The school food service program has suffered on all three scores. The U. S. Department of Agriculture has never required or even urged states to appropriate funds for the program. Federal publicity has led the public to believe the program is well financed through commodities and reimbursement. Federal public information releases have never emphasized the fact that the program was growing and costs were rising faster than was the Federal appropriation, and that it was becoming more under-funded with each passing year. For example, reimbursement rates were originally 9¢ per lunch, when food cost averaged 18¢ per lunch. Now reimbursement rates average less than 5¢, while food costs have almost doubled. At both the state and system level, too few school finance leaders have promoted the provision of tax funds to support the program. Furthermore, at state and system level, the school food service programs have been so understaffed that school food service administrators have had no time to conduct studies to determine unmet needs, to keep the public informed, or to promote legislative appropriations.

With the Federal Government's "War on Poverty" and the Civil Rights movement placing increased emphasis on the plight of the poor, Congress, in 1965, passed the Elementary and Secondary Education Act. In planning the projects under which ESEA Title I funds were disbursed, many states and districts budgeted monies to supplement their inadequate National School Lunch funds. An analysis of some 500 Title I projects revealed that more than 100 provided for breakfasts or expanded school food service programs.

Other recently enacted Federal aid laws designed to help the poor, including funds secured through the Economic Opportunity Act, have been used to supplement inadequate school food service appropriations. Only a small portion

of the most inadequately funded school food service programs recieved help from such sources. Accounting problems were increased and most programs were still unable to meet all of their funds obligations. Some results of such uncertain and inadequate funding have been:

- All economically needy pupils have not been served;
- Many schools in areas of high economic need have not initiated programs;
- Lunches are often substandard;
- Sale prices have been increased with a resultant decrease in participation.

For example, in Florida, participation increased from 67% in 1963-64 to 73% in 1965-66. Then sale prices began to go up, and participation for over 1,500 schools dropped to 66% in 1967-68. By contrast, in about 200 Special Assistance schools in areas of high economic need, where sale prices were low and 15¢ reimbursement rates were paid, participation averaged 87%.

Other bad effects of underfunding include understaffing and employment of undertrained personnel. Following the 1966 Amendment to the Fair Labor Standards Act, which resulted in minimum required pay rates for school food service persomel, payroll costs skyrocketed. For example, in many areas a 5¢ per year hourly pay rate increase was considered good for school food service personnel. Now for the next two years, the minimum required rate of increase is 15¢ per hour.

Congress, in continuing its consideration of ways and means to alleviate hunger among the poor, passed the Child Nutrition Act of 1966. It provides funds for pilot programs to help close the nutrition gap for economically needy and long bus ride pupils who come to school without breakfast. It also provides a token appropriation for equipment essential to extending or maintaining school food services in areas of high economic need. As is the case with the school food service program, the funds are inadequate and the requirements are so restrictive that often the school in greatest need of a breakfast program cannot afford one. For example, some breakfast programs have such a high per cent of free meals, that they cannot make ends meet. In January, one school in Florida

served an average of 256 pupils per day, of whom 249 were served free! Receipts were:

	Pupil Payments	\$ 35.75
	Reimbursements	<u>569.50</u>
	TOTAL.....	\$ 605.25
Costs were:	Purchased Food	569.50
	Labor	283.50
	Non-food Supplies	<u>68.53</u>
	TOTAL.....	\$ 921.53
Commodities:	\$ 320.15	
	DEFICIT.....	(\$316.28)

The School Lunch Program is not financially able to underwrite the labor and non-food costs of the breakfast program. Such schools will be forced to close their breakfast programs, unless they can receive reimbursement to cover more than purchased food costs.

Another result of the war on poverty has been a revision of USDA regulations regarding services for economically needy children. The Secretary of Agriculture estimated that $2\frac{1}{2}$ million economically needy still are not being served. As states implement the new requirements, the number of economically needy will increase rapidly, and school lunch balances will disappear just as rapidly--thus increasing the need for greater state and local tax support.

Congressman Perkins, Chairman of the House Committee on Education and Labor, last year asked the 50 state departments of education to determine their unmet needs and how much it would cost to assure that all the economically needy children in the Nation could receive a free or reduced price breakfast and lunch. State school food service directors reported a need for \$100 million. The Secretary of Agriculture reported states could use only \$50 million! Congress appropriated an additional \$50 million, earmarked for breakfasts, lunches, and equipment for feeding economically needy. Some states are now over-encumbered and will have to discount final claims for the year.

There has long been a need for sound research to determine the total school day nutrition needs of pupils, and how much it would cost to meet those needs. I am, therefore, delighted to report that the USDA has just tentatively approved a grant of funds to be used in conducting a School Food Service Finance Research Project, as a satellite project to the National Education Finance Project. Your help and that of many other school finance experts will be needed, and is solicited.

Concerned Outsiders Aid Program

As the public became more concerned over hungry children, they learned of the school food service financial dilemma. In the April, 1966, issue of Ladies Home Journal, there appeared an article entitled, "The Scandal of Our School Lunch Program", which criticized schools for not meeting the school day nutrition needs of all the pupils and recommended that parents rise up and demand that facilities and other assistance needed to correct this deficiency be provided from tax funds.

Bard, in his book, The School Lunchroom--Time of Trial² summed up the situation:

"The school lunchroom is one of the most under-developed areas in American Education. It is starved for facilities, and starved for funds to serve the proper food in the right amount to the children who need it."

Their Daily Bread, a report of a national school food service study conducted by five prominent national women's organizations, recommended:

- that lunch sale prices be reduced to a maximum of 20¢;

²Bernard Bard, The School Lunchroom--Time of Trial. 1968.

- that Federal tax funds equal 9¢, and state tax funds also equal 9¢;

- and that:

"The Congress, USDA, Boards of Education, state legislators, school lunch administrators should begin planning now for a universal free school lunch program as part of a coordinated plan for better nutrition for all children."

The support of such groups is appreciated and continues to be needed even though some of their recommendations may be controversial or an alternate plan may be better. For example, adequate matching requirements need to be developed and implemented but a formula that takes into consideration the varying ability of states would be better than one that required all states to make the same matching efforts.

At a recent seminar, Miss Jean Fairfax, Chairman, Committee on School Lunch Participation which produced the report, Their Daily Bread, challenged us when she said:

"It is to be regretted, I think, that the initiative for the changes have not come from the professional group closest to the children and the groups which really should be the contributors to children's needs and advocates of program to meet these needs. I'm speaking about the school administrators, principals, teachers and school food service personnel."

The war on hunger and the effort of outside groups have placed the school food service program in the national limelight.

Despite this current limelight situation, too few education leaders seem to realize that the climate is right and that school food service is on

the brink of a major breakthrough. With the help and encouragement of school finance experts, the scales will tip in favor of an adequately funded school food service program. On the other hand, foot dragging indifference, or opposition on the part of school finance leaders just now can do irreparable damage to the program. Should School Food Service finance policies be changed? What would it cost to provide tax funds to cover the non-food cost of the program?

Dr. R. L. Johns, in a return appearance at the 20th annual convention of the American School Food Service Association in 1967, said:

".....evidence is clear that we need a major revision in our policies for financing the school food service program."

"What revisions should be made in our policies for financing the school lunch program? Most authorities on the school food service program have advocated for some time that all non-food costs of the school food service program be financed entirely from public funds. This is certainly the minimum support that should be provided from public funds. I consider this to be a conservative recommendation.There is considerable evidence available in support of providing for the entire cost of the school food service program from public funds."

"What would be the present cost of financing the non-food costs of the school food service program? It would probably cost somewhere between fifteen and twenty cents per lunch to finance the operating non-food costs of the school lunch program. This

would total only a little over one billion dollars annually, less than two-tenths of one per cent. of our gross national product. Certainly a nation that can afford to spend several billions of dollars annually to place a man on the moon can afford a billion to one and one-half billions of dollars to assist in providing 50,000,000 children a decent lunch each school day."

Since then costs have continued to spiral, and so has the gross national product. Therefore, it is estimated that the cost of the program Dr. Johns recommended would still not exceed .2 of 1% of our gross national product, an infinitesimally small cost as compared to the values of the program in building healthy bodies, developing good food habits, enriching the curriculum in many areas, in increasing and stabilizing the agriculture industry, and aiding the general economy.

Conclusion

In most states, state legislatures and local boards of education have not contributed their fair share towards the support of the program.

One of the greatest needs is for school food service directors and school finance officials to work together to cooperatively develop sound school food service finance objectives to commit themselves to an adequate school food service finance plan, which will take into consideration the inequities that exist as regards school district ability to finance the program.

If adequate funds are provided, breakfast programs will be initiated where needed and there will be fewer tardy pupils. The many pupils who have been coming to school without breakfast will be teachable all day rather than just in the afternoon. Adequate lunches will reduce absences, delinquency, and dropouts, and save the cost of many grade repeaters. The pupil's potential

contribution to society will be improved. In addition, the agriculture industry will be further expanded and stabilized, and the Nation's general economy will be strengthened.

Recommendations

Hungry children don't learn much at school. To be sure there are to be no hungry children at school, it is recommended that jointly we work aggressively to achieve a school food service program that will:

1. Provide nutritionally adequate lunches for pupils, and where needed, supplementary food services, including breakfasts, morning and afternoon nourishments.

2. Establish sale prices not to exceed the cost of food for both student meals and supplementary nourishments.

3. Provide free and reduced price meals for economically needy children.

4. Receive sufficient tax support to assure program excellence.

5. Receive increased Federal, state, and local tax contributions sufficient in amount to cover:

- (a) All costs of administration operation, payrolls, fringe benefits and staff development.

- (b) All costs of facilities, equipment, replacements and repairs.

- (c) All other non-food costs.

- (d) Cost of serving free and reduced price meals to economically needy pupils.

6. Effect economies through centralization of purchasing, personnel administration and funds control; and mergers of small, ineffective units, to provide more adequately sized administrative and operational units.